Counter-Trade Policy

1271. DR. NAUNIHAL SINGH :
SHRI SANGH PRIYA GAUTAM:

Will the Minister of COMMERCE be pleased to state :

(a) whether it is a fact that Government are considering a new counter-trade policy to increase the share of barter trade in the country's total exports ; if so, the details thereof ;

(b) whether it is a fact that counter-trade is on the rise globally and India has not been able to make a major dent in this area, if so : the reasons therefor ;

(c) what is the existing policy of Government towards counter-trade ;

(d) the details of major deals involving counter-trade during the last three years ; and

(e) what are the total exports under the counter-trade handed by STC, MMTC and PEC during 1992-93 with details thereof ?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE) : (a) and (b) There is a lack of precise data on the volume of CT in relation to total world trade. However, it is generally believed to be on the increase. The share of CT exports in India's total exports was approximately 1.5% in 1992-93.

An exercise to review the Counter-trade (CT) Policy has been undertaken in the Commerce Ministry and is expected to be completed during the current year, 1993-94. The new Policy will aim at increasing Indian exports through the mechanism of the Counter Trade.

(c) The present policy envisages three broad categories of C.T. :

(i) CT against major Government or Public Sector purchases.

(ii) CT through ESCROW Account.

(iii) CT through Evidence Account mechanism.

CT provisions against major purchases are currently applicable in respect of certain categories of major imports by Government departments or Public Sector Undertakings. In such cases, export is required to be made from a Positive List of items and is also subject to fulfilment of the additionality criterion. CT through ESCROW Account is now possible with any country without restrictions of positive list of additionality. This mechanism facilitates trade with countries which are short of hard currency. CT through the Evidence Account mechanism is largely applicable to trade with Malaysia with most of the exports from India being in the form of projects.

(d) Details of major deals involving counter trade during the last three years are given in the enclosed statement. (*See* below).

(e) Total exports under counter trade achieved by STC, MMTC & PEC during 1992-93 are as under :—

(In US $)

MMTC	182.18 Million
STC	95.75 Million
PEC	23.5 Million

Statement

	Name of the Supplier/Country	Item Imported	Value of C.T.
S.T.C.	(1) Vinten. U.K.	Defence Equipments	Pd. Sterling 10.000 million
	(2) CAE, Canada	Aircrafts Spare parts etc.	US $ 6.116 million
	(3) Boeing U.S.A.	Aircrafts etc.	US $135.408 million
	(4) Airbus. France.	Boeing Aircrafts etc.	US $ 20.000 million
	(5) GE, U.S.A.	Aircrafts etc and equipments	US $ 5.639 million

Statement

	Name of the Supplier Country	Item Imported	Value of C. T.
P.E.C.	(6) FDSP, Yugoslavia UNIS-KOMERE	To be decided	US $ 10.000 million
	(7) Signal, Holland . .	To be decided	US $ 23.000 million
MMTC	(8) MDK, Germany . .	MCP	US $ 18.720 million
	(9) K & S, Germany . .	MOP	US $ 14.650 million
	(10) CANPOTEX, Canada	MOP	US $ 14.650 million
	(11) Seminole, USA . .	DAP	US $ 5.620 million
	(12) Phoschem, USA .	DAP	US $ 12.220 million

Balance of Trade Position

1272. SHRI MOHAMMED AFZAL alias MEEM AFZAL: Will the Minister of COMMERCE be pleased to state:

(a) what was India's balance of Trade position at the end of the financial year 1992-93:

(b) how does it compare with the corresponding figures at the close of the last three financial years; and

(c) what concrete steps are contemplated to achieve positive balance of trade figure?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE): (a) and (b) India's trade deficit figures during 1992-93 as compared to the last years are as under:

Trade Deficit

Year	(Rs. Crores)	(US $ Million)
1989-90 . .	7731	4643
1990-91 . .	10640	5930
1991-92 . .	3809	1546
1992-93 . .	9687	3345

During 1991-92, drastic import compression was resorted to because of the balance of payments crisis. Trade deficit during 1992-93 was less than that during 1990-91 and 1989-90.

(c) Concrete steps taken to achieve a positive balance of trade figure include a number of export promotional measures such as introduction of the unified market determined exchange rate, revision of Export- Import Policy for 1992—97, simplification and streamlining of policy and procedures, reduction in the interest rate on rupee export credit, specific directions to banks to increase availability of credit to the export sector and strengthening of infrastructural facilities through greater involvement of State Governments besides specific measures linking imports to export activity. Exports are being given a national priority status and inter-Ministerial meetings are being held to ensure prompt action on all export-related activities. Emphasis is being placed on improving quality to increase competitiveness and encourage production specifically for exports.

Criteria for Estimates of Foreign Exchange Earnings

1273. DR. ASHOK MITRA: Will the Minister of COMMERCE be pleased to state:

(a) the assumptions under which estimates of the potential foreign exchanges from the export of agricultural items and their